



Early Journal Content on JSTOR, Free to Anyone in the World

This article is one of nearly 500,000 scholarly works digitized and made freely available to everyone in the world by JSTOR.

Known as the Early Journal Content, this set of works include research articles, news, letters, and other writings published in more than 200 of the oldest leading academic journals. The works date from the mid-seventeenth to the early twentieth centuries.

We encourage people to read and share the Early Journal Content openly and to tell others that this resource exists. People may post this content online or redistribute in any way for non-commercial purposes.

Read more about Early Journal Content at <http://about.jstor.org/participate-jstor/individuals/early-journal-content>.

JSTOR is a digital library of academic journals, books, and primary source objects. JSTOR helps people discover, use, and build upon a wide range of content through a powerful research and teaching platform, and preserves this content for future generations. JSTOR is part of ITHAKA, a not-for-profit organization that also includes Ithaka S+R and Portico. For more information about JSTOR, please contact support@jstor.org.

matters with which it deals. In connection with each chapter Professor Ashley furnishes a short bibliography of the most useful books in English for more extended reading. Though these lists of books do not pretend to be exhaustive, they are, with a few minor exceptions, singularly well chosen.

CONYERS READ

UNIVERSITY OF CHICAGO

English Taxation 1640-1799. By WILLIAM KENNEDY. (Series of the London School of Economics and Political Science.) London: G. Bell & Sons, Ltd., 1913. 8vo, pp. ix+199. 7s. 6d.

In Kennedy's *English Taxation 1640-1799* we are supplied with an admirable interpretative study of English tax theories and methods in the light of the ruling political and social philosophy of the time. Mr. Kennedy describes his work as "An Essay on Policy and Opinion," and supports his belief in the necessity of such a study by maintaining that English writers on taxation have for the most part neglected questions of distribution, not even evincing a "consciousness of what constitutes the essential problems involved in the material with which they deal" in their attempt to give the chief facts of tax legislation and to accord due weight to constitutional and tariff questions. The writer's purpose is to "understand the way in which certain of the essential problems in taxation were dealt with and thought about in the seventeenth and eighteenth centuries in England" (p. 3).

Finding a full understanding of nineteenth-century tax opinion impossible without such a "functional" study, and further concluding that by such survey the "social attitude or what may be called the practical political theories of that period" will be forced on the attention, he divides his treatment into a consideration of the purposes and distribution of taxation, and of the tax methods actually employed to attain them. On the distributive side the treatment is directed toward two questions: first, Should every member of the community be taxed? and second, What is the standard or criterion of distribution according to which the burden should be apportioned among those who are taxed? The answers to these questions are sought in theories of incidence, in the feelings of compassion or disgust for the poor, in political theory, and in the fluctuating conditions of the English exchequer.

The table of contents includes: "The Inheritance of the Long Parliament"; "Customs and Taxes and Excises for the Period 1640-1713";

"Political Philosophy and the Taxation of the Poor"; "The Eighteenth Century—Walpole"; "Walpole to Adam Smith—Opinion"; "The Period 1776 to 1799"; and "Social Theory in the Eighteenth Century."

The essay attempts far more than a mere restatement of Dowell's *Taxation* and Sydney Buxton's *Finance and Politics*. It is an attempt through recourse to opinions of contemporary authorities inside and outside of Parliament, as they were expressed in law, in pamphlet, as well as in more pretentious literature, to understand the ruling conception of justice in taxation and to sketch the methods by which this was realized in actual taxation. It is more than this, however. By holding fast to the functional thread and by not allowing the unessential and wearisome detail of legislative procedure or the mere chronicling of "acts" to occupy first place in the order of treatment, the author has produced a spirited and readable interpretation of tax law rather than a mere compendium of tax facts. These facts are included, however, and full references given, but they have been used rather as a means than as an end; as tools in the hands of a skilful builder.

It is impossible in a short review adequately to describe the nature of the contents of the volume, and we shall content ourselves with pointing out a few of the larger currents of thought which run through it.

Probably the most important central idea is, Who should be taxed? or stated more narrowly but as an essential equivalent, Should the poor be exempt? Whether the answer is negative or positive depends, as Mr. Kennedy shows, upon the relative influence exerted by current conceptions of trade policy, by theories of incidence, and by the actual strain under which the national finances happened to be placed. These conditions are described chronologically and currently appraised, and evidence introduced to show how each was supported or attacked as the combination of circumstances of a given time seemed to warrant.

The conditions existing in 1732 are characterized by the author as follows:

In 1732 the three ideas which had most influence on eighteenth-century views on taxation were all represented. They were, first, that everyone should pay taxation, including the poor man; second, that the poor man should, if possible, be exempted from taxation on compassionate grounds; and third, that the necessities of his subsistence should be exempted to prevent high wages and for the benefit of trade.

The second and third of these ideas, although inconsistent, both led to the condemnation of taxes on necessities, and this condemnation came gradually to be almost universally accepted and constituted the most important element of the eighteenth-century view of the ideal tax, the tax on luxuries.

This result was achieved, however, in spite of and not by overthrowing the doctrine that every man should pay taxation and that a just tax must be general. The new theory was therefore not directly the result of a view of distributive equity in taxation but rather of two ideas of non-tax policy, compassion for the poor and the advantage of low wages in the interest of trade [pp. 111-12].

As bases for a consideration of distributive ideas, the author discusses customs, excises on luxuries and on necessities, direct taxes, etc., with their fiscal and non-fiscal advantages and disadvantages, and the conditions under which each is held to be borne by the tax-paying personnel. A conspicuous fact to which considerable attention is given throughout the book is the failure to perceive taxation as a system and accordingly the tendency to treat each tax by itself in its distributive and financial aspects.

Out of a multitude of clashing opinions on the purposes, the justice, and the moral and financial results of given tax policies, Mr. Kennedy has been able to discover for each period discussed a dominant, and in some, if not all, respects a clearly formulated tax philosophy. While it has been necessary in doing this to consider a great mass of literature, the author seems to have used discriminatingly the sources considered. As to whether all would agree with the importance assigned the different writers, there is some reason for doubt. This is particularly true respecting Adam Smith, to whose canons of taxation and place in the development of tax theory American students have constantly turned. Two short quotations are added which show the author's conception of Adam Smith's ideas on tax distribution and his immediate influence on English tax policy:

Adam Smith's theory of distribution set out with three general positions. . . . First, everyone should pay taxation; second, distribution ought to be in proportion to income (revenue); third, a tax to be just must be general—it must fall on all the three sorts of income, rent, profits, and wages. Adam Smith accepted the assumption of the seventeenth and eighteenth centuries that taxation is made up of non-compensatory taxes, and discussed each tax by itself. . . . A tax on all income is ruled out because taxes on profits and wages are condemned on non-distributive grounds. . . . Expenditure on necessities must not be taxed, since that would merely raise wages. Hence we are reduced to taxes on non-necessary expenditure. . . . Next, it is not essential, he argued, that all non-necessary expenditure should be taxed so as to give equitable distribution according to expenditure or income. In particular, he held it necessary that all imported luxuries should be taxed, and was in favour of restricting Customs duties as well as Excises to a few articles only of the most general use and consumption" [pp. 143-44].

It has sometimes been supposed that the publication of the *Wealth of Nations* brought to the world a new revelation of the principles of taxation, and that it immediately affected the policy of the Chancellors of the Exchequer. But this is a serious misconception; the only respect in which it bears some relation to the facts is on the subject of trade policy in the Customs. Apart from that, what Adam Smith did was to expand the commercial view of tax questions which we have been following, and to attempt to systematize and rationalize it by bringing it into relation with the distributive theory of the seventeenth century which Walpole expressed. He gave a wider intellectual sanction to a set of opinions already very influential. Apart from Pitt's commercial treaty of 1786 and Peel's and Gladstone's reform of the tariff between 1842 and 1860, no important change in English tax policy is connected with Adam Smith's influence; on the contrary, all the large changes since his day, such as the imposition of the Income Tax in 1799, have been made independently or in spite of his ideas [pp. 141-42].

HORACE SECRIST

NORTHWESTERN UNIVERSITY

A Theory of Interest. By CLARENCE GILBERT HOAG. New York: Macmillan, 1914. 8vo, pp. 228. \$1.50 net.

As the title indicates, this book is designed to set forth a positive theory of interest rather than to give a history of doctrine. One chapter, however, the longest in the book, is devoted to a critical review of a number of the more prominent or more recent theories on the subject. Mr. Hoag states that every theory of interest hitherto advanced with which he is acquainted seems to him incorrect in details and inadequate in essentials (p. 117). As for his own efforts, he hopes he has succeeded in giving a substantially correct though doubtless imperfectly developed solution of the problem. Mr. Hoag shows a close acquaintance with the work of many though not all the professional economists in the field of his inquiry.

The preface comments on the social importance of the interest question, and speaks seriously of the need of those who believe interest is robbery to gain a clearer understanding of its true nature. The author's earnestly expressed hope that his work may come to influence the opinion of the practical world arouses in the reader expectations that are somewhat shocked when the main exposition is found to be an exceedingly difficult, abstract, or symbolical handling of the subject; in a word, a very "theoretical" treatment. The author's *style*, nevertheless, has the merit of great lucidity. The book gives also what many would describe as a very hedonistic treatment, inasmuch as pleasures and pains are being continually represented by lines, areas, and algebraic characters.